



What are 3M Restricted Stock Units?

To reward and retain 3M employees, Restricted Stock Units (RSUs) are issued in the form of 3M stock to selected employees. RSUs give an interest in 3M stock, but have no financial value until the vesting period (3 years) is completed.

Unlike nonqualified stock options, RSUs appeal to more conservative recipients because you won't find yourself in a situation where the RSU may be "underwater" (the 3M share value falls below the grant price) like non-qualified stock options. The RSU could technically be worthless, but only if the stock fell to zero.

When the RSUs vest, they are considered income, and an amount of the shares are withheld to pay income taxes, including Federal, Social Security, Medicare, and state and local taxes when relevant. After vesting and withholding, the employee may hold or sell the 3M shares. If the share value rises, and if the employee sells the 3M shares, he/she will be required to pay capital gains tax on the difference between the appreciated value and the market value established on the date of vesting.

During the fall each year, selected employees at 3M may elect to take 100% of their future year's award as RSUs, 100% nonqualified stock options, or a combination of both types of employee compensation.

Wealth Advisor Gary Tangwall states, "If you're a more conservative investor, you may want to select a higher percentage of RSU's. If you are a more aggressive investor, and believe 3M stock over time will appreciate, you may select more nonqualified stock options during the annual election cycle. However, everyone's situation is unique, and you should work with a financial professional to determine what is right for you."

For more information about 3M Restricted Stock Units in the context of your particular financial situation, please contact Landmark Wealth Management Group at 651-779-9720.

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